



## Senate

General Assembly

**File No. 134**

February Session, 2018

Substitute Senate Bill No. 213

*Senate, March 29, 2018*

The Committee on Higher Education and Employment Advancement reported through SEN. BYE of the 5th Dist. and SEN. LINARES of the 33rd Dist., Chairpersons of the Committee on the part of the Senate, that the substitute bill ought to pass.

### ***AN ACT ESTABLISHING THE APPRENTICESHIP AND EMPLOYMENT RECRUITMENT AUTHORITY.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1      Section 1. (NEW) (*Effective July 1, 2018*) (a) There is hereby  
2      established and created a body politic and corporate, constituting a  
3      public instrumentality and political subdivision of the state established  
4      and created for the performance of an essential public and  
5      governmental function, to be known as the Apprenticeship and  
6      Employment Recruitment Authority. The authority shall not be  
7      construed to be a department, institution or agency of the state.
- 8      (b) (1) The powers of the authority shall be vested in and exercised  
9      by a board of directors, which shall consist of the following members:
- 10      (A) One member appointed by the Governor, who shall be  
11      knowledgeable and have a favorable reputation for skill, knowledge

12 and experience in a high-growth, high-demand job in the state, such as  
13 finance, computer science, engineering, manufacturing, health care,  
14 insurance or biomedicine;

15 (B) One member appointed by the president pro tempore of the  
16 Senate, who shall be a representative of the labor community in the  
17 state;

18 (C) One member appointed by the minority leader of the Senate,  
19 who shall be a representative of the business community in the state;

20 (D) One member appointed by the speaker of the House of  
21 Representatives, who shall be a representative of the labor community  
22 in the state;

23 (E) One member appointed by the minority leader of the House of  
24 Representatives, who shall be a representative of the business  
25 community in the state;

26 (F) A representative from each regional workforce development  
27 board, established pursuant to section 31-3k of the general statutes,  
28 designated by each such board; and

29 (G) The Labor Commissioner, the Commissioner of Education, the  
30 superintendent of the Technical Education and Career System, the  
31 president of the Connecticut State Colleges and Universities, the  
32 president of The University of Connecticut, the executive director of  
33 the Connecticut Higher Education Supplemental Loan Authority and  
34 the president of the Connecticut Center for Advanced Technology,  
35 who shall serve as ex-officio, voting members and have all of the  
36 powers and privileges of a member of the board of directors. Each ex-  
37 officio member may designate his or her deputy or any member of his  
38 or her staff to represent him or her at meetings of the Apprenticeship  
39 and Employment Recruitment Authority with full power to act and  
40 vote on his or her behalf.

41 (2) The member appointed by the Governor shall serve at the  
42 pleasure of the Governor but not longer than the term of office of the

43 Governor or until the member's successor is appointed and qualified,  
44 whichever is longer. Each member appointed by a member of the  
45 General Assembly shall serve in accordance with the provisions of  
46 section 4-1a of the general statutes. A member shall be eligible for  
47 reappointment. The Governor shall fill any vacancy for the unexpired  
48 term of a member appointed by the Governor. The appropriate  
49 legislative appointing authority shall fill any vacancy for the unexpired  
50 term of a member appointed by such authority. The Governor shall  
51 appoint a chairperson from among the board members.

52 (c) Except for the ex-officio members, members of the board of  
53 directors may not designate a representative to perform in their  
54 absence their respective duties under this section and sections 2 to 4,  
55 inclusive, of this act. The appointing authority for any member may  
56 remove such member for inefficiency, wilful neglect of duty,  
57 misfeasance or malfeasance.

58 (d) The chairperson shall, with the approval of the members of the  
59 board of directors, appoint an executive director of the authority who  
60 shall be an employee of the authority and paid a salary prescribed by  
61 the members. The executive director shall supervise the administrative  
62 affairs and technical activities of the authority in accordance with the  
63 directives of the board.

64 (e) Each member of the board of directors shall be entitled to  
65 reimbursement for such member's actual and necessary expenses  
66 incurred during the performance of such member's official duties.

67 (f) Members may engage in private employment or in a profession  
68 or business, subject to any applicable laws, rules and regulations of the  
69 state regarding official ethics or conflict of interest.

70 (g) Nine members of the board of directors of the authority shall  
71 constitute a quorum for the transaction of any business or the exercise  
72 of any power of the authority. For the transaction of any business or  
73 the exercise of any power of the authority and except as otherwise  
74 provided in this section and sections 2 to 4, inclusive, of this act, the

75 authority may act by a majority of the members present at any meeting  
76 at which a quorum is in attendance.

77 (h) The authority shall continue as long as it has any obligations  
78 outstanding and until its existence is terminated by law, provided no  
79 such termination shall affect any outstanding contractual obligation of  
80 the authority and the state shall succeed to the obligations of the  
81 authority under any contract. Upon the termination of the existence of  
82 the authority, all its rights and properties shall pass to and be vested in  
83 the state of Connecticut.

84 (i) It shall not constitute a conflict of interest for a trustee, director,  
85 partner or officer of any person, firm or corporation, or any individual  
86 having a financial interest in a person, firm or corporation, to serve as a  
87 member of the board of directors of the authority, provided such  
88 trustee, director, partner, officer or individual shall comply with all  
89 applicable provisions of chapter 10 of the general statutes.

90 Sec. 2. (NEW) (*Effective July 1, 2018*) (a) The purposes of the  
91 Apprenticeship and Employment Recruitment Authority shall be to (1)  
92 establish public-private partnerships that provide apprenticeship and  
93 work-based learning opportunities for high school and college  
94 students in high-growth, high-demand jobs throughout the state, (2)  
95 ensure, through such public-private partnerships, that students have  
96 access to the skills and knowledge they need for academic and  
97 financial success and that businesses have access to highly-trained  
98 talent, (3) support industry associations to define career paths,  
99 competencies and training, (4) provide business development and  
100 recruitment communication and awareness, (5) coordinate resources to  
101 develop tailored development pathways for apprentices, and (6)  
102 measure outcomes to ensure both student and employer benefits are  
103 realized.

104 (b) For the purposes described in subsection (a) of this section, the  
105 authority is authorized and empowered to:

106 (1) Have perpetual succession as a body politic and corporate and to

107 adopt bylaws for the regulation of its affairs and the conduct of its  
108 business;

109 (2) Adopt an official seal and alter the same at pleasure;

110 (3) Maintain an office at such place or places as it may designate;

111 (4) Sue and be sued in its own name, and plead and be impleaded;

112 (5) (A) Employ such assistants, agents and other employees as may  
113 be necessary or desirable who shall not be employees, as defined in  
114 subsection (b) of section 5-270 of the general statutes; (B) establish all  
115 necessary or appropriate personnel practices and policies, including  
116 those relating to hiring, promotion, compensation, retirement and  
117 collective bargaining, which need not be in accordance with chapter 68  
118 of the general statutes, and the authority shall not be an employer as  
119 defined in subsection (a) of section 5-270 of the general statutes; and  
120 (C) engage consultants, attorneys and appraisers as may be necessary  
121 or desirable to carry out its purposes in accordance with this section  
122 and sections 1, 3 and 4 of this act;

123 (6) Receive and accept aid or contributions from any source of  
124 money, property, labor or other things of value, to be held, used and  
125 applied to carry out the purposes of this section and sections 1, 3 and 4  
126 of this act, subject to such conditions upon which such grants and  
127 contributions may be made, including, but not limited to, gifts or  
128 grants from any department, agency or instrumentality of the United  
129 States or this state for any purpose consistent with this section and  
130 sections 1, 3 and 4 of this act;

131 (7) Borrow money for the purpose of obtaining working capital;

132 (8) Make and enter into all contracts and agreements necessary or  
133 incidental to the performance of its duties and the execution of its  
134 powers under this section and sections 1, 3 and 4 of this act, including  
135 contracts and agreements for such professional services as the  
136 authority deems necessary, including, but not limited to, financial  
137 consultants, underwriters and technical specialists;

138 (9) Acquire, lease, purchase, own, manage, hold and dispose of  
139 personal property and lease, convey or deal in or enter into agreements  
140 with respect to such property on any terms necessary or incidental to  
141 the carrying out of these purposes;

142 (10) Invest in, acquire, lease, purchase, own, manage, hold and  
143 dispose of real property and lease, convey or deal in or enter into  
144 agreements with respect to such property on any terms necessary or  
145 incidental to carrying out the purposes of this section and sections 1, 3  
146 and 4 of this act, provided such transactions shall not be subject to  
147 approval, review or regulation by any state agency pursuant to title 4b  
148 of the general statutes or any other provision of the general statutes;

149 (11) Procure insurance against any liability or loss in connection  
150 with its property and other assets, in such amounts and from such  
151 insurers as it deems desirable and to procure insurance for employees;

152 (12) Account for and audit funds of the authority and funds of any  
153 recipients of funds from the authority;

154 (13) Hold patents, copyrights, trademarks, marketing rights, licenses  
155 or any other evidences of protection or exclusivity as to any products,  
156 as defined in this section and sections 1, 3 and 4 of this act, issued  
157 under the laws of the United States or any state or any nation;

158 (14) Establish advisory committees to assist in accomplishing its  
159 duties under this section and sections 1, 3 and 4 of this act, which may  
160 include one or more members of the board of directors and persons  
161 other than members; and

162 (15) Do all acts and things necessary or convenient to carry out the  
163 purposes of this section and sections 1, 3 and 4 of this act and the  
164 powers expressly granted by this section and sections 1, 3 and 4 of this  
165 act.

166 Sec. 3. (NEW) (*Effective July 1, 2018*) The members of the board of  
167 directors of the Apprenticeship and Employment Recruitment  
168 Authority shall adopt written procedures, in accordance with the

169 provisions of section 1-121 of the general statutes, for: (1) Adopting an  
170 annual budget and plan of operations, including a requirement of  
171 board approval before the budget or plan may take effect; (2) hiring,  
172 dismissing, promoting and compensating employees of the authority,  
173 including an affirmative action policy and a requirement of board  
174 approval before a position may be created or a vacancy filled; (3)  
175 acquiring real and personal property and personal services, including  
176 a requirement of board approval for any nonbudgeted expenditure in  
177 excess of an amount to be determined by the board; (4) contracting for  
178 financial, legal and other professional services, including a  
179 requirement that the authority solicit proposals at least once every  
180 three years for each such service which it uses; (5) awarding loans,  
181 grants and other financial assistance, including eligibility criteria, the  
182 application process and the role played by the authority's staff and  
183 board of directors; and (6) the use of surplus funds to the extent  
184 authorized under this section and sections 1, 2 and 4 of this act or other  
185 provisions of the general statutes.

186       Sec. 4. (NEW) (*Effective July 1, 2018*) (a) The Apprenticeship and  
187 Employment Recruitment Authority may establish or designate one or  
188 more subsidiaries for any of the purposes described in subsection (a) of  
189 section 2 of this act, or for such other purposes as prescribed by  
190 resolution of the authority's board of directors, which purposes shall  
191 be consistent with the purposes of the authority. Each subsidiary shall  
192 be deemed a quasi-public agency for purposes of chapter 12 of the  
193 general statutes. The authority may transfer to any such subsidiary any  
194 moneys and real or personal property. Each such subsidiary shall have  
195 all the privileges, immunities, tax exemptions and other exemptions of  
196 the authority. A resolution of the authority shall prescribe the  
197 purposes for which each subsidiary is formed.

198       (b) Each such subsidiary may sue and shall be subject to suit,  
199 provided the liability of each such subsidiary shall be limited solely to  
200 the assets, revenues and resources of such subsidiary and without  
201 recourse to the general funds, revenues, resources or any other assets  
202 of the authority or any other subsidiary. Each such subsidiary shall

203 have the power to do all acts and things necessary or convenient to  
204 carry out the purposes for which such subsidiary is established,  
205 including, but not limited to: (1) Solicit, receive and accept aid, grants  
206 or contributions from any source of money, property or labor or other  
207 things of value, subject to the conditions upon which such grants and  
208 contributions may be made, including, but not limited to, gifts, grants  
209 or loans from any department, agency or quasi-public agency of the  
210 United States or the state, or from any organization recognized as a  
211 nonprofit organization under Section 501(c)(3) of the Internal Revenue  
212 Code of 1986, or any subsequent corresponding internal revenue code  
213 of the United States, as amended from time to time; (2) enter into  
214 agreements with persons upon such terms and conditions as are  
215 consistent with the purposes of such subsidiary; and (3) acquire, take  
216 title, lease, purchase, own, manage, hold and dispose of real and  
217 personal property and lease, convey or deal in or enter into agreements  
218 with respect to such property.

219 (c) Each such subsidiary shall act through its board of directors, not  
220 less than fifty per cent of whom shall be members of the board of  
221 directors of the authority or their designees.

222 (d) The provisions of section 1-125 of the general statutes, as  
223 amended by this act, and this section shall apply to any officer,  
224 director, designee or employee appointed as a member, director or  
225 officer of any such subsidiary. Neither any such persons so appointed  
226 nor the directors, officers or employees of the authority shall be  
227 personally liable for the debts, obligations or liabilities of any such  
228 subsidiary as provided in section 1-125 of the general statutes, as  
229 amended by this act. Each subsidiary shall, and the authority may,  
230 provide for the indemnification to protect, save harmless and  
231 indemnify such officer, director, designee or employee as provided by  
232 section 1-125 of the general statutes, as amended by this act.

233 (e) The authority or any such subsidiary may take such actions as  
234 are necessary to comply with the provisions of the Internal Revenue  
235 Code of 1986, or any subsequent corresponding Internal Revenue Code



236 of the United States, as amended from time to time, to qualify and  
237 maintain any such subsidiary as a corporation exempt from taxation  
238 under said Internal Revenue Code.

239 (f) The authority may make loans or grants to, and may guarantee  
240 specified obligations of, any such subsidiary, following standard  
241 authority procedures, from the authority's assets, provided the source  
242 and security, if any, for the repayment of any such loans or guarantees  
243 is derived from the assets, revenues and resources of such subsidiary.

244 Sec. 5. Subdivision (12) of section 1-79 of the 2018 supplement to the  
245 general statutes is repealed and the following is substituted in lieu  
246 thereof (*Effective July 1, 2018*):

247 (12) "Quasi-public agency" means Connecticut Innovations,  
248 Incorporated, the Connecticut Health and Education Facilities  
249 Authority, the Connecticut Higher Education Supplemental Loan  
250 Authority, the Connecticut Student Loan Foundation, the Connecticut  
251 Housing Finance Authority, the State Housing Authority, the Materials  
252 Innovation and Recycling Authority, the Capital Region Development  
253 Authority, the Connecticut Lottery Corporation, the Connecticut  
254 Airport Authority, the Connecticut Health Insurance Exchange, the  
255 Connecticut Green Bank, the Connecticut Retirement Security  
256 Authority, the Connecticut Port Authority, [and] the State Education  
257 Resource Center and the Apprenticeship and Employment  
258 Recruitment Authority.

259 Sec. 6. Section 1-120 of the general statutes is repealed and the  
260 following is substituted in lieu thereof (*Effective July 1, 2018*):

261 As used in sections 1-120 to 1-123, inclusive:

262 (1) "Quasi-public agency" means Connecticut Innovations,  
263 Incorporated, the Connecticut Health and Educational Facilities  
264 Authority, the Connecticut Higher Education Supplemental Loan  
265 Authority, the Connecticut Student Loan Foundation, the Connecticut  
266 Housing Finance Authority, the Connecticut Housing Authority, the

267 Materials Innovation and Recycling Authority, the Capital Region  
268 Development Authority, the Connecticut Lottery Corporation, the  
269 Connecticut Airport Authority, the Connecticut Health Insurance  
270 Exchange, the Connecticut Green Bank, the Connecticut Retirement  
271 Security Authority, the Connecticut Port Authority, [and] the State  
272 Education Resource Center and the Apprenticeship and Employment  
273 Recruitment Authority.

274 (2) "Procedure" means each statement, by a quasi-public agency, of  
275 general applicability, without regard to its designation, that  
276 implements, interprets or prescribes law or policy, or describes the  
277 organization or procedure of any such agency. The term includes the  
278 amendment or repeal of a prior regulation, but does not include,  
279 unless otherwise provided by any provision of the general statutes, (A)  
280 statements concerning only the internal management of any agency  
281 and not affecting procedures available to the public, and (B) intra-  
282 agency memoranda.

283 (3) "Proposed procedure" means a proposal by a quasi-public  
284 agency under the provisions of section 1-121 for a new procedure or  
285 for a change in, addition to or repeal of an existing procedure.

286 Sec. 7. Section 1-124 of the general statutes is repealed and the  
287 following is substituted in lieu thereof (*Effective July 1, 2018*):

288 (a) Connecticut Innovations, Incorporated, the Connecticut Health  
289 and Educational Facilities Authority, the Connecticut Higher  
290 Education Supplemental Loan Authority, the Connecticut Student  
291 Loan Foundation, the Connecticut Housing Finance Authority, the  
292 Connecticut Housing Authority, the Materials Innovation and  
293 Recycling Authority, the Connecticut Airport Authority, the Capital  
294 Region Development Authority, the Connecticut Health Insurance  
295 Exchange, the Connecticut Green Bank, the Connecticut Retirement  
296 Security Authority, the Connecticut Port Authority, [and] the State  
297 Education Resource Center and the Apprenticeship and Employment  
298 Recruitment Authority shall not borrow any money or issue any bonds  
299 or notes which are guaranteed by the state of Connecticut or for which

300 there is a capital reserve fund of any kind which is in any way  
301 contributed to or guaranteed by the state of Connecticut until and  
302 unless such borrowing or issuance is approved by the State Treasurer  
303 or the Deputy State Treasurer appointed pursuant to section 3-12. The  
304 approval of the State Treasurer or said deputy shall be based on  
305 documentation provided by the authority that it has sufficient  
306 revenues to (1) pay the principal of and interest on the bonds and notes  
307 issued, (2) establish, increase and maintain any reserves deemed by the  
308 authority to be advisable to secure the payment of the principal of and  
309 interest on such bonds and notes, (3) pay the cost of maintaining,  
310 servicing and properly insuring the purpose for which the proceeds of  
311 the bonds and notes have been issued, if applicable, and (4) pay such  
312 other costs as may be required.

313 (b) To the extent Connecticut Innovations, Incorporated, the  
314 Connecticut Higher Education Supplemental Loan Authority, the  
315 Connecticut Student Loan Foundation, the Connecticut Housing  
316 Finance Authority, the Connecticut Housing Authority, the Materials  
317 Innovation and Recycling Authority, the Connecticut Health and  
318 Educational Facilities Authority, the Connecticut Airport Authority,  
319 the Capital Region Development Authority, the Connecticut Health  
320 Insurance Exchange, the Connecticut Green Bank, the Connecticut  
321 Retirement Security Authority, the Connecticut Port Authority, [or] the  
322 State Education Resource Center or the Apprenticeship and  
323 Employment Recruitment Authority is permitted by statute and  
324 determines to exercise any power to moderate interest rate fluctuations  
325 or enter into any investment or program of investment or contract  
326 respecting interest rates, currency, cash flow or other similar  
327 agreement, including, but not limited to, interest rate or currency swap  
328 agreements, the effect of which is to subject a capital reserve fund  
329 which is in any way contributed to or guaranteed by the state of  
330 Connecticut, to potential liability, such determination shall not be  
331 effective until and unless the State Treasurer or his or her deputy  
332 appointed pursuant to section 3-12 has approved such agreement or  
333 agreements. The approval of the State Treasurer or his or her deputy  
334 shall be based on documentation provided by the authority that it has

335 sufficient revenues to meet the financial obligations associated with the  
336 agreement or agreements.

337 Sec. 8. Section 1-125 of the general statutes is repealed and the  
338 following is substituted in lieu thereof (*Effective July 1, 2018*):

339 The directors, officers and employees of Connecticut Innovations,  
340 Incorporated, the Connecticut Higher Education Supplemental Loan  
341 Authority, the Connecticut Student Loan Foundation, the Connecticut  
342 Housing Finance Authority, the Connecticut Housing Authority, the  
343 Materials Innovation and Recycling Authority, including ad hoc  
344 members of the Materials Innovation and Recycling Authority, the  
345 Connecticut Health and Educational Facilities Authority, the Capital  
346 Region Development Authority, the Connecticut Airport Authority,  
347 the Connecticut Lottery Corporation, the Connecticut Health Insurance  
348 Exchange, the Connecticut Green Bank, the Connecticut Retirement  
349 Security Authority, the Connecticut Port Authority, [and] the State  
350 Education Resource Center and the Apprenticeship and Employment  
351 Recruitment Authority and any person executing the bonds or notes of  
352 the agency shall not be liable personally on such bonds or notes or be  
353 subject to any personal liability or accountability by reason of the  
354 issuance thereof, nor shall any director or employee of the agency,  
355 including ad hoc members of the Materials Innovation and Recycling  
356 Authority, be personally liable for damage or injury, not wanton,  
357 reckless, wilful or malicious, caused in the performance of his or her  
358 duties and within the scope of his or her employment or appointment  
359 as such director, officer or employee, including ad hoc members of the  
360 Materials Innovation and Recycling Authority. The agency shall  
361 protect, save harmless and indemnify its directors, officers or  
362 employees, including ad hoc members of the Materials Innovation and  
363 Recycling Authority, from financial loss and expense, including legal  
364 fees and costs, if any, arising out of any claim, demand, suit or  
365 judgment by reason of alleged negligence or alleged deprivation of any  
366 person's civil rights or any other act or omission resulting in damage  
367 or injury, if the director, officer or employee, including ad hoc  
368 members of the Materials Innovation and Recycling Authority, is

369 found to have been acting in the discharge of his or her duties or  
 370 within the scope of his or her employment and such act or omission is  
 371 found not to have been wanton, reckless, wilful or malicious.

372       Sec. 9. (*Effective July 1, 2018*) Not later than January 1, 2020, the  
 373 Apprenticeship and Employment Recruitment Authority shall submit  
 374 a report to the joint standing committees of the General Assembly  
 375 having cognizance of matters relating to education, higher education  
 376 and employment advancement and labor and public employees, in  
 377 accordance with the provisions of section 11-4a of the general statutes.  
 378 Such report shall (1) identify high-growth, high-demand jobs in the  
 379 state in fields including, but not limited to, finance, computer science,  
 380 engineering, manufacturing, health care, insurance and biomedicine;  
 381 (2) identify the education and skill level requirements for such jobs; (3)  
 382 analyze whether educational achievement and attainment trends of  
 383 students in the state sufficiently satisfy the requirements of such jobs;  
 384 (4) identify state-wide demographic trends in the workforce; (5) review  
 385 similar apprenticeship programs being administered in other states,  
 386 including, but not limited to, Colorado and Georgia, for the purpose of  
 387 determining if such programs can be replicated in Connecticut; (6)  
 388 analyze the feasibility of creating in-state partnerships that provide  
 389 apprenticeship opportunities for such high-growth, high-demand jobs;  
 390 (7) examine whether the existing apprenticeship program, as provided  
 391 in chapter 557 of the general statutes, can be utilized or expanded to  
 392 develop such partnerships; (8) identify any potential institutional or  
 393 legal obstacles associated with the creation and implementation of  
 394 such partnerships and apprenticeship opportunities; and (9) make any  
 395 recommendations for statutory changes necessary to assist the  
 396 authority carrying out its responsibilities for establishing such  
 397 partnerships and apprenticeship opportunities.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>July 1, 2018</i>	New section
Sec. 2	<i>July 1, 2018</i>	New section
Sec. 3	<i>July 1, 2018</i>	New section

Sec. 4	<i>July 1, 2018</i>	New section
Sec. 5	<i>July 1, 2018</i>	1-79(12)
Sec. 6	<i>July 1, 2018</i>	1-120
Sec. 7	<i>July 1, 2018</i>	1-124
Sec. 8	<i>July 1, 2018</i>	1-125
Sec. 9	<i>July 1, 2018</i>	New section

***Statement of Legislative Commissioners:***

In Section 2(b)(8) "board counsel" was deleted and in Section 3 "board underwriting" was deleted, for consistency.

***HED***      *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

### **OFA Fiscal Note**

#### **State Impact:**

Agency Affected	Fund-Effect	FY 19 \$	FY 20 \$
Treasurer, Debt Serv.	GF - Potential Cost	See Below	See Below

Note: GF=General Fund

#### **Municipal Impact:** None

#### **Explanation**

The bill establishes the Apprenticeship and Employment Recruitment Authority (AERA) as a quasi-public agency financially autonomous from the state, with no state appropriation or bond authorization. The bill allows the new authority to issue bonds, which may result in a General Fund cost in FY 19 and FY 20 if the authority issues bonds it cannot repay with its own resources.

**Bonding.** The bill permits AERA to issue its own bonds, which this authority would be required to repay. Like other quasi-public authorities, these bonds are backed by a special capital reserve fund (SCRF). While this represents a potential cost to the state, the impact to the General Fund is expected to be minimal as the Office of the State Treasurer is not expected to approve the issuance of SCRF-backed bonds unless AERA can show that it will be able to generate sufficient revenue from its activities to pay the debt service on the bonds.

The SCRF provides a higher level of repayment security, which results in a lower rate of interest on the bond issuance. SCRF-backed bonds are a contingent liability of the state, which does not count against the state's statutory limit on General Obligation bonds in CGS Sec. 3-21. In the event that the SCRF is drawn down in part or

completely, a draw on the General Fund is authorized and the SCRF is fully restored. The draw on the General Fund is deemed to be appropriated and is not subject to the constitutional or statutory appropriations cap. All that is required is a certification by the issuing authority of the amount required. If draws on a SCRF continue, the annual draws on the General Fund required to refill it also continue.

**Other Funding.** The bill does not specify a funding source for AERA but does allow the authority to obtain financing through various means. It is presumed that no state funding will be used to support the authority as a quasi-public agency, unless otherwise appropriated. However, if it is determined that the state will provide funding or a grant, then a state cost would be incurred.

**Employees.** Additionally, the bill specifies that the employees of AERA will not be state employees as defined in C.G.S. 5-270. As the bill does not provide for the transfer of any current state employees to AERA, there is no personnel-associated fiscal impact to the state.

### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation and to whether AERA issues bonds.



**OLR Bill Analysis****sSB 213*****AN ACT ESTABLISHING THE APPRENTICESHIP AND EMPLOYMENT RECRUITMENT AUTHORITY.*****SUMMARY**

This bill creates the Apprenticeship and Employment Recruitment Authority (AERA) as a quasi-public agency to coordinate resources to develop tailored pathways for apprentices and establish public-private partnerships that provide apprenticeships for high school and college students in high-demand industries.

The bill vests the authority's powers in a 17-member board of directors, and subjects it to existing laws governing state quasi-public agencies.

The bill establishes AERA's powers, which include establishing quasi-public agency subsidiaries. It also requires the authority to report to several legislative committees on, among other topics, workforce trends, high-demand jobs, and the feasibility of creating in-state partnerships to provide apprenticeship opportunities.

EFFECTIVE DATE: July 1, 2018

**APPRENTICESHIP AND EMPLOYMENT RECRUITMENT AUTHORITY*****Creation and Purpose (§§ 1 & 2)***

The bill creates AERA as a body politic and corporate, a public instrumentality and political subdivision of the state, created to perform an essential public and governmental function. It is a quasi-public agency, not a state department, institution, or agency, and as such is subject to statutory procedural, operating, and reporting requirements for quasi-public agencies, including lobbying restrictions

and an ethics code.

AERA must do the following:

1. establish public-private partnerships that provide apprenticeship and work-based learning opportunities for high school and college students in high-growth, high-demand jobs throughout the state;
2. ensure, through such public-private partnerships, that students have access to the skills and knowledge they need for academic and financial success and that businesses have access to highly-trained talent;
3. support industry associations to define career paths, competencies, and training;
4. provide business development and recruitment communication and awareness;
5. coordinate resources to develop tailored development pathways for apprentices; and
6. measure outcomes to ensure both student and employer benefits are realized.

AERA continues as long as it has any obligations outstanding and until it is legally terminated, as long as (1) no such termination affects any of its outstanding contractual obligations and (2) the state succeeds to such obligations. Upon AERA's termination, all of its rights and properties pass to and become vested in the state.

### ***Powers (§ 2)***

Under the bill, AERA may do the following:

1. have perpetual succession and adopt bylaws to regulate its affairs and conduct;
2. adopt and modify an official seal;

3. maintain one or more offices;
4. sue and be sued in its own name and plead and be impleaded;
5. (a) hire employees and agents; (b) develop personnel practices and policies, including hiring, promotion, and compensation policies; and (c) engage consultants, attorneys, and appraisers to best achieve its goals;
6. receive and accept aid or contributions from any source of money, property, or labor or other things of value, including gifts from any federal department, agency, or instrumentality;
7. borrow money to obtain working capital;
8. make and enter into contracts related to its duties, including for professional services such as financial consultants, underwriters, and technical specialists;
9. lease, buy, own, manage, hold, or dispose of personal property or enter into agreements with respect to this property in relation to the authority's duties;
10. invest in, lease, buy, own, manage, hold, or dispose of real estate or enter into agreements with respect to this real estate in relation to the authority's duties, as long as these transactions are not subject to approval, review, or regulation by any state agency under state law;
11. obtain insurance against any liability or loss in connection with the authority's property, other assets, and employees;
12. account for and audit AERA funds, including funds of any recipient of funds from the authority;
13. hold patents, copyrights, trademarks, marketing rights, licenses, or other evidences of protection or exclusivity as to any products issued under federal, state, or international law;

14. establish advisory committees to help accomplish its duties, which may include one or more board of directors members and non-members; and
15. do all acts and things necessary or convenient to carry out its powers and duties under the bill.

## §§ 1 & 3 — AERA BOARD OF DIRECTORS

### ***Membership (§ 1)***

Under the bill, AERA is governed by a 17-member board of directors, all of whom are voting members and seven of whom serve in an ex-officio capacity. AERA's power and authority are vested in and exercised by the board. Table 1 describes member qualifications and appointing authorities.

**Table 1: AERA Board of Directors' Membership**

<b><i>Member Qualifications</i></b>	<b><i>Appointing Authority</i></b>
Individual reputable for skill, knowledge, and experience in a high-growth, high-demand job in the state, such as finance, computer science, engineering, manufacturing, health care, insurance, or biomedicine	Governor
Labor community representative in the state	Senate president pro tempore
Business community representative in the state	Senate minority leader
Labor community representative in the state	House speaker
Business community representative in the state	House minority leader
One representative from each regional workforce development board (currently five total) (see BACKGROUND)	Regional workforce development boards
Labor commissioner, or his designee	N/A; ex-officio
Education commissioner, or her designee	N/A; ex-officio

Technical Education and Career System superintendent, or his designee	N/A; ex-officio
Connecticut State Colleges and Universities president, or his designee	N/A; ex-officio
UConn president, or her designee	N/A; ex-officio
Connecticut Higher Education Supplemental Loan Authority executive director, or her designee	N/A; ex-officio
Connecticut Center for Advanced Technology president, or his designee	N/A; ex-officio

Under the bill, the governor's and General Assembly members' appointees serve at the pleasure of their appointing authority, but no longer than his or her term of office or until a successor is appointed and qualified, whichever is longer. (The bill does not specify a term length for the regional workforce board representatives.) Members may be reappointed. Any vacancies for the unexpired terms of members (1) appointed by the governor may be filled by him or (2) appointed by a legislator may be filled by him or her.

Appointed board members, other than ex-officio members, cannot designate anyone to perform their duties in their absence.

Nine members comprise a quorum for the transaction of any business or exercise of any power. The board may act by a majority of the members present at any meeting at which there is a quorum except as the bill provides.

### **Officers (§ 1)**

Under the bill, the governor selects the chairperson from among the board members.

### **Reimbursement and Conflicts of Interest (§ 1)**

The bill entitles each board member to reimbursement for actual and necessary expenses incurred while performing his or her official

duties. Members may also be privately employed or in a profession or business, subject to state ethics and conflict of interest laws, rules, and regulations. However, regardless of the law, it is not a conflict of interest for a trustee, director, partner, or officer of any person, firm, or corporation, or any person with a financial interest in such a person, firm, or corporation, to serve as a board member, provided he or she complies with applicable state ethics laws.

***Removal of Board Members (§ 1)***

An appointing authority may remove a board member for inefficiency, willful neglect of duty, or misfeasance or malfeasance.

***Executive Director (§ 1)***

The board chairperson appoints an executive director, with the other board members' approval, to supervise AERA's administrative affairs and technical activities under the board's directives. The executive director must be an AERA employee and paid a salary determined by the board of directors.

***Board Duties (§ 3)***

The bill requires the board of directors to adopt written rules for the following processes:

1. adopting an annual budget and operating plan, including a requirement that the board approve the budget or plan before it can take effect;
2. hiring, dismissing, promoting, and compensating AERA employees, including an affirmative action policy and a requirement for board approval before creating a position or filling a vacancy;
3. acquiring real estate and personal property and personal services, including a requirement for board approval of any non-budgeted expenditure that exceeds an amount to be determined by the board;

4. contracting for financial, legal, and other professional services, including a requirement that AERA solicit proposals at least once every three years for each type of service used;
5. awarding loans, grants, and other financial assistance, including eligibility criteria, the application process, and the role of AERA's staff and board of directors; and
6. using surplus funds to the extent authorized under the bill and existing law.

#### **§ 4 — SUBSIDIARIES**

The bill allows AERA to establish or designate one or more subsidiaries that are quasi-public agencies themselves for purposes (1) consistent with the authority's purposes and (2) that the board of directors prescribes by resolution. Each subsidiary must act through its board of directors, and at least half of these board members must be AERA board members or their designees. Under the bill, each subsidiary has all the privileges, immunities, tax exemptions, and other exemptions of AERA, and AERA may transfer money or personal property to any subsidiary.

The bill gives AERA's subsidiaries the power to do the following:

1. sue and be sued, as long as each subsidiary's liability is limited solely to its assets, revenues, and resources without recourse to AERA's or any other subsidiary's general funds, revenues, and resources;
2. solicit, receive, and accept aid, grants, or contributions from any source of money, property, or labor or other things of value, subject to the conditions upon which such grants and contributions may be made;
3. enter into agreements with persons with terms and conditions that are consistent with the subsidiary's purposes;
4. acquire, take title, lease, purchase, own, manage, hold, and

dispose of real estate and personal property, and lease, convey, or deal in or enter into agreements about such property;

5. take action necessary to comply with the Internal Revenue Code to maintain its status as a tax exempt corporation; and
6. make loans or grants to, and guarantee specified obligations of, any AERA subsidiary, following standard authority procedures, from the authority's assets, as long as the source and security for the repayment of any loans and guarantees is derived from the assets, revenues, and resources of such subsidiary.

The bill also extends existing law's indemnification protections for quasi-public agency directors, officers, and employees to those individuals at any AERA subsidiaries, thus removing their personal liability for the subsidiary's debts, obligations, or liabilities. It allows AERA, and requires each of its subsidiaries, to provide for the indemnification to protect, save harmless, and indemnify these individuals.

#### **§§ 5-8 — AERA PLACED UNDER EXISTING QUASI-PUBLIC LAWS**

The bill also places AERA under laws that apply to other quasi-public agencies. These laws do the following:

1. subject the authority's board members to the Code of Ethics for Public Officials (§ 5);
2. subject AERA to existing state laws governing quasi-public agencies, which include being audited and having to submit certain reports to various government agencies (§ 6);
3. require AERA to get the state treasurer's approval prior to (a) borrowing money or issuing bonds or notes that are guaranteed by the state or for which there is a state-guaranteed capital reserve fund and (b) moderating interest rate fluctuation or entering into investments or contracts about interest rates,



currency, or cash flow that subjects to potential liability a capital reserve fund that is guaranteed or contributed to by the state (§ 7); and

4. indemnify AERA's directors, officers, and employees from (a) personal liability on the issuance of the authority's bonds or notes; (b) personal liability for damage or injury caused in the performance of duties within the scope of employment that is not wanton, reckless, willful, or malicious; and (c) financial loss and expense, including legal fees and costs, from any claim, demand, suit, or judgment from alleged negligence, deprivation of civil rights, or other act or omission resulting in damage or injury, caused within the scope of employment that is not wanton, reckless, willful, or malicious (§ 8).

## **§ 9 — REPORTING REQUIREMENTS**

The board must submit a report by January 1, 2020 to the Education, Higher Education and Employment Advancement, and Labor committees that does the following:

1. identifies high-growth, high-demand jobs in the state in fields including finance, computer science, engineering, manufacturing, health care, insurance, and biomedicine;
2. identifies the education and skill level requirements for such jobs;
3. analyzes whether educational achievement and attainment trends of the state's students sufficiently satisfy these jobs' requirements;
4. identifies statewide demographic trends in the workforce;
5. reviews similar apprenticeship programs being administered in other states, including Colorado and Georgia, to determine whether they can be replicated in Connecticut;
6. analyzes the feasibility of creating in-state partnerships that

provide apprenticeship opportunities for such jobs;

7. examines whether the existing apprenticeship program in state law can be utilized or expanded to develop such partnerships;
8. identifies any potential institutional or legal obstacles associated with creating and implementing such partnerships and apprenticeship opportunities; and
9. makes any recommendations for statutory changes necessary to help AERA carry out its responsibilities.

## **BACKGROUND**

### ***Regional Workforce Development Boards***

The law establishes a regional workforce development board within the Department of Labor for each workforce development region in the state. Each board must assess the needs for investing in the development of human resources within the region and coordinate a range of employment, education, and training services (CGS § 31-3k).

Currently, there are five boards: Capital Workforce Partners (North Central Region); Eastern CT Workforce Investment Board; Northwest Regional Workforce Investment Board, Inc.; Workforce Alliance – the Regional Workforce Investment Board of the South Central Region; and The Workplace, Inc. (Southwest Region).

## **COMMITTEE ACTION**

Higher Education and Employment Advancement Committee

Joint Favorable Substitute

Yea    20        Nay    0        (03/15/2018)